

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1135 – SB 1275

April 1, 2015

**SUMMARY OF ORIGINAL BILL:** Deletes the definition of “General Assembly Civic Education Scholarship” from the lottery scholarship provisions.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (005718):** Deletes all language after the enacting clause. Authorizes a student to request that the grade received in a dual enrollment course for which the student received college credit be used in calculating the student’s lottery grade point average for the 2016-17 academic year or subsequent years for the purposes of qualifying for a HOPE scholarship. Establishes that dual enrollment courses that are used in calculating the lottery grade point average shall not be used in determining when a terminating event occurs. Requires a student to request the use of the dual enrollment course grades prior to enrollment as an entering freshman in an eligible postsecondary institution, in order for such grades to be used in calculating the lottery grade point average. Prohibits any retroactive award to be made by recalculating a student’s grade point average for academic years prior to the 2016-2017 academic year.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures – \$1,346,500/FY16-17/Lottery for Education Account  
\$2,507,500/FY17-18/Lottery for Education Account  
Exceeds \$2,507,500/FY18-19 and Subsequent Years/  
Lottery for Education Account**

**This funding will not be included in the annual statutory transfer of excess lottery funding from the Lottery for Education Account to the Tennessee Promise Special Reserve Account.**

Assumptions for the bill as amended:

- Based on the Tennessee Student Assistance Corporation’s (TSAC) analysis of high school data for sophomores enrolled in the Fall 2014 semester in eligible postsecondary institutions who lost their scholarship during that semester, and assuming that a 3.0 GPA in dual enrollment courses would have qualified them to retain a HOPE scholarship, it is estimated that in FY16-17, 79 additional sophomores will qualify and receive a \$3,000

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scholarship at a two-year institution, and 317 additional sophomores will qualify and receive a \$3,500 scholarship at a four-year institution.

- The total increase in state expenditures from the Lottery for Education Account (LFEA) in FY16-17 is estimated to be \$1,346,500  $[(79 \times \$3,000) + (317 \times \$3,500)]$ .
- In FY17-18, it is estimated that 79 additional sophomores will qualify and receive a \$3,000 scholarship at a two-year institution, and 317 additional sophomores will qualify and receive a \$3,500 scholarship at a four-year institution, for an increase in state expenditures from the LFEA of \$1,346,500.
- According to TSAC, the retention rate for HOPE scholarship students from sophomore to junior year is approximately 70 percent. Further, 46 percent of graduating sophomores from a two-year institution will transfer to a four-year institution.
- As a result, 258 students  $[(317 \times 70\%) + (79 \times 46\%)]$  from the FY16-17 class will retain their award in their junior year and receive a \$4,500 scholarship in FY17-18. The increase in state expenditures from the LFEA for such students is estimated to be \$1,161,000  $(258 \times \$4,500)$ .
- The total increase in state expenditures from the LFEA in FY 17-18 is estimated to be \$2,507,500  $(\$1,346,500 \text{ for new FY17-18 students} + \$1,161,000 \text{ for returning FY16-17 students})$ .
- The total increase in state expenditures from the LFEA in FY18-19 and subsequent years is estimated to exceed \$2,507,500.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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